"members of [the] record industry who work for Christian record labels will believe that Plaintiff and Defendant are affiliated." *M2 Communications*, 281 F. Supp. 2d at 1172-73. On appeal, in an unpublished Memorandum decision, the Ninth Circuit likewise examined the evidence and affirmed the District Court's decision that Petitioner had not presented sufficient evidence such that a reasonable jury could find a likelihood of confusion. *M2 Communications*, 149 Fed.Appx. at 613-14.[4]

II. REASONS FOR DENYING THE WRIT

A. Introduction.

The Petition should be denied for three reasons.

First, there is no conflict between the Circuits. All of the Circuits, including the Ninth Circuit, consider likelihood of confusion as to source, affiliation, sponsorship, association, or connection. Both the District Court and the Ninth Circuit in this case found no likely confusion of any type.

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[4] Petitioner's assertion that the Ninth Circuit found "no need" to address whether there was a likelihood of confusion as to affiliation, connection, or association is disingenuous. Petitioner's support for this assertion is a portion of the decision in *Madacy*, 421 F.3d at 1077, which addressed Petitioner's arguments with respect to the jury instructions in *that* case. *Id.* at 1089. As the *Madacy* decision makes clear, the Ninth Circuit merely found that there was no error in the jury instructions on the Petitioner's lone claim that went to trial in that case, namely the likelihood of reverse confusion by general music consumers. *Id.* As the decision also makes clear, one reason for the lack of error was that Petitioner itself agreed in the District Court with the instruction it challenged on appeal. *Id.* Moreover, the term "dealing with" (the focus of that disputed jury instruction), as used by the Ninth Circuit in its reverse confusion cases, encompasses sponsorship and association. *Walter v. Mattel, Inc.*, 210 F.3d 1008, 1110 (9th Cir. 2000).

Second, the entire Petition based upon Petitioner's argument that the parties are in the "same industry" and directly compete with each other. But that is a question of fact, and despite Petitioner's attempt to recast the record, the undisputed evidence showed that there was no genuine issue as to competition.

Third, the precedential value of this case, as with any case considering whether there is a likelihood of confusion between two parties' products and services, is limited to the facts at hand. Cases considering whether there is a likelihood of confusion center around a very specific comparison of what each of the parties do and what consumers are likely to believe. Congress has approved the judicial development of the likelihood of confusion analysis as implemented by the District Court and the Ninth Circuit (and all other Circuits for that matter). Here, based on detailed examinations of the marketplace as presented by the parties in the evidentiary record, each of the lower courts decided that no reasonable jury could find confusion likely. The cases at issue in the Petition are merely reflective of the courts' determinations that Petitioner had failed its evidentiary burden to present facts upon which a jury could find a likelihood of confusion.

This Court should deny the Writ.

B. There Is No Conflict Between the Circuits as to the Standard for Analyzing Likelihood of Confusion.

As this Court has recognized, 15 U.S.C. § 1114 protects against infringement of "registered marks" whereas 15 U.S.C. § 1125(a) protects against infringement of "unregistered marks." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 768 (1992). Whether a trademark is

registered or unregistered, the question is the same: Are consumers likely to be confused? *Id.* at 769. "The plaintiff's success is . . . subject to proof of infringement . . . [a]nd that . . . requires a showing that the defendant's actual practice is likely to produce confusion in the minds of consumers about the origin of the goods or services in question." *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111, 117 (2004) (citations omitted).

The premise of the Petition is that despite the language of 15 U.S.C. § 1125(a), as amended in 1988, the Ninth Circuit limits trademark owners to claims about direct consumer confusion and excludes confusion as to "affiliation, connection, association, sponsorship, or approval."

The Ninth Circuit makes no such distinction between types of confusion. Rather, in all cases brought under 15 U.S.C. §§ 1114 and 1125(a), courts in the Ninth Circuit determine whether there is a "likelihood of confusion." *Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc.*, 109 F.3d 1394, 1404 (9th Cir. 1997).

The test used to examine likelihood of confusion has its foundation in the RESTATEMENT OF TORTS § 731 (1938), which set forth various factors to be analyzed in considering whether there exists a likelihood of confusion. The modern Restatement now lists eight factors. *See* RESTATEMENT (THIRD) OF UNFAIR COMPETITION §§ 20-23 (1995). Each Circuit has now implemented its own version of the Restatement test. *See* 4 J. Thomas McCarthy, MCCARTHY

ON TRADEMARKS AND UNFAIR COMPETITION §§ 24:30-43 (4th ed. 2005).[5]

This same test applies to claims of confusion as to source, sponsorship, affiliation, or connection, *id.* at § 24:6, and the Ninth Circuit is no different than all of the other Circuits in this regard.[6] *See Mattel, Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 806-07 (9th Cir. 2003); *Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1149 (9th Cir. 2002); *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036, 1046 n.8 (9th Cir. 1999); *Dr. Seuss*, 109 F.3d at 1404; *Academy of Motion Picture Arts and Sciences v. Creative House Promotions, Inc.*, 944 F.2d 1446,

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[5] The Ninth Circuit employs the "eight-factor *Sleekcraft* test . . . to analyze the likelihood of confusion question in all trademark infringement cases, both competitive and non-competitive." *Dr. Seuss Enters.*, 109 F.3d at 1404. The *Sleekcraft* factors are: 1) strength of the plaintiff's mark; 2) the relatedness of the parties' goods or services; 3) the degree of similarity between the parties' marks; 4) the existence of actual confusion; 5) the marketing channels used by the parties; 6) consumers' degree of care; 7) the defendant's intent in selecting the mark; and 8) the likelihood that either party will expand into the other party's product lines. *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979).

[6] *See Frosty Treats, Inc. v. Sony Computer Entm't Am., Inc.*, 426 F.3d 1001, 1010 (8th Cir. 2005); *Team Tires Plus, Ltd. v. Tires Plus, Inc.*, 394 F.3d 831, 835 (10th Cir. 2005); *Virgin Enters. Ltd. v. Nawab*, 335 F.3d 141, 146 (2d Cir. 2003); *Planetary Motion, Inc. v. Techsplosion, Inc.*, 261 F.3d 1188, 1201 (11th Cir. 2001); *In re Save Venice New York, Inc.*, 259 F.3d 1346, 1355 (Fed. Cir. 2001); *A & H Sportswear, Inc. v. Victoria's Secret Stores, Inc.*, 237 F.3d 198, 216 (3d Cir. 2000); *WestchesterMedia v. PRL USA Holdings, Inc.*, 214 F.3d 658, 666 (5th Cir. 2000); *Johnny Blastoff, Inc. v. Los Angeles Rams Football Co.*, 188 F.3d 427, 436 (7th Cir. 1999); *Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111, 1118 (6th Cir. 1996); *PHC, Inc. v. Pioneer Healthcare, Inc.*, 75 F.3d 75, 78 (1st Cir. 1996).

1455-56 (9th Cir. 1991);[7] *see also, M2 Software, Inc. v. M2 Communications, L.L.C.*, 76 Fed.Appx. 123, 124 (9th Cir. August 13, 2003) [Opp. App. A-1] (In an earlier unpublished Memorandum decision, the Ninth Circuit rejected the same argument raised by Petitioner with respect to the denial of its motion for preliminary injunction).

The record in this case shows that neither the Ninth Circuit nor the District Court limited the analysis to confusion as to direct purchaser. The District Court explicitly found no confusion as to origin, sponsorship, affiliation, connection, or association. *M2 Communications*, 281 F. Supp. 2d at 1175-76. The Ninth Circuit likewise found that "no reasonable jury could find a likelihood of confusion between M2 Communications' Christian music products and M2 Software's music products and music business services." *M2 Communications*, 149 Fed.Appx. at 614.[8] Because there is no conflict between the Circuits, this Court should deny the Writ.

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[7] Indeed, the Ninth Circuit uses this same test in examining claims of "initial interest confusion," where there is no claim of "direct consumer confusion," but, rather, where the plaintiff asserts that the "defendant uses the plaintiff's trademark in a manner calculated to capture initial consumer attention, even though no actual sale is finally completed as a result of the confusion." *Interstellar Starship Services, Ltd. v. Epix, Inc.*, 304 F.3d 936, 941 (9th Cir. 2002).

[8] Assuming Petitioner's argument is that the failure of the Ninth Circuit to use the words "sponsorship, affiliation, or connection" in this sentence indicates that the Ninth Circuit limited its analysis to direct consumer confusion, there is no support for this argument. The Ninth Circuit does not limit the application of its *Sleekcraft* analysis or suggest that it was only examining confusion by direct purchasers, and the Ninth Circuit has consistently employed its *Sleekcraft* test to examine all types of actionable confusion. *See* Opp. App. A-1; *see also, Mattel, Inc.*, 353 F.3d at 806-07; *Interstellar Starship Services*, 304 F.3d at 941; *Cairns*, 292 F.3d at 1149; *Brookfield Communications*, 174 F.3d

(Continued on following page)

C. Petitioner's Argument Is a Recast Disagreement with the Formulation of the Factual Record Below.

This Court should deny the Writ for the additional reason that Petitioner has misstated the factual record. Petitioner posits that its Petition concerns competing users of "the same mark in the same industry," (Petition at 5), and that "the defendant junior record labels provide exactly the same class of goods under the identical trademark." (Petition at 23.) Petitioner further states that "The Ninth Circuit pointed to *no* evidence that would demonstrate that music industry professionals are any more sophisticated about trademarks than the average person." (Petition at 22.) When the pretense of a conflict between the Circuits is stripped away, Petitioner's argument is simply that it disagrees with each of the courts who have examined all of the likelihood of confusion factors and found that Petitioner had failed to fulfill its burden. However, the Supreme Court is not the place to review a purported "conflict of evidence." *N.R.L.B. v. Pittsburgh S.S. Co.*, 340 U.S. 498, 503 (1951).

The undisputed evidence established that the parties sold different products to different consumers, and that the relevant consumers – music purchasers and music industry executives – were discerning and unlikely to be confused. Both the District Court and the Ninth Circuit agreed that in light of Respondent's unique Christian music business, Petitioner had failed to establish that confusion was likely. The District Court conducted a

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at 1046; *Dr. Seuss*, 109 F.3d at 1404; *Academy of Motion Picture Arts and Sciences*, 944 F.2d at 1455-56.

detailed examination of the lack of market interaction reflected in the declaration of music industry expert Bill Conine, *M2 Communications*, 281 F. Supp. 2d at 1172-75, and the Ninth Circuit agreed. *M2 Communications*, 149 Fed.Appx. at 614. Petitioner simply had no evidence that the parties are in the same industry and could point to no evidence upon which a jury could find a likelihood of confusion. *M2 Communications*, 149 Fed.Appx. at 614.[9]

This mischaracterization of the record is important as it underscores a fundamental reason this Court should deny the Writ. Cases analyzing likelihood of confusion involve detailed considerations of the factual record presented by the parties. *See Beacon Mutual Ins. Co. v. Onebeacon Ins. Group*, 376 F.3d 8, 15 (1st Cir. 2004) ("these factors are not to be applied mechanically. Courts may consider other factors and may accord little weight to factors that are not helpful on the particular facts of a case."); *Interstellar Starship Services*, 304 F.3d at 942 (the "eight factor test is pliant, and the relative import of each factor is case specific."); *Shakespeare Co. v. Silstar Corp. of Am., Inc.*, 100 F.3d 234, 242 (4th Cir. 1997) ("Some of the factors may not always be relevant or equally emphasized in each case."); *Paddington Corp. v. Attiki Importers & Distribs., Inc.*, 996 F.2d 577, 584 (2d Cir. 1993) (this "is not a mechanical process where the party with the greatest number of factors weighing in its favor wins. Rather, a court should focus on the ultimate question of whether consumers are likely to be confused.") (internal citations and quotations omitted); *Homeowners Group, Inc. v. Home*

[9] The District Court noted that "Plaintiff's discovery failures are partly the reason Plaintiff was unable to raise a genuine issue on these motions." *M2 Communications*, 281 F. Supp. 2d at 1177.

Mktg. Specialists, Inc., 931 F.2d 1100, 1107 (6th Cir. 1991) ("Each case presents its own complex set of circumstances and not all of these factors may be particularly helpful in any given case."); *Int'l Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1087 (7th Cir. 1988) ("different factors will weigh more heavily from case to case depending on the particular facts and circumstances involved."); *Calvin Klein Cosmetics Corp. v. Parfums de Coeur, Ltd.*, 824 F.2d 665, 668 (8th Cir. 1987) ("numerous factors may be weighed in determining whether there is a likelihood of confusion and . . . no one factor is dispositive in reaching that conclusion."); *Marathon Mfg. Co. v. Enerlite Prod. Corp.*, 767 F.2d 214, 218 (5th Cir. 1985) ("different factors will weigh more heavily from case to case depending on the particular facts and circumstances involved."); *Beer Nuts, Inc. v. Clover Club Foods Co.*, 711 F.2d 934, 940 (10th Cir. 1983) ("[N]o one factor is determinative. The facts of a particular case may require consideration of other variables as well.").

This Court is simply not the place to rehash the analysis of the likelihood of confusion factors. *N.R.L.B.*, 340 U.S. at 503.

D. Petitioner's Seventh Amendment Argument is Unavailing and Was Not Raised Below.

Petitioner asserts that its right to a jury trial under the Seventh Amendment was violated when the District Court granted Respondent's Motion for Summary Judgment. Petitioner never raised this argument below and it should not be considered by this Court. *See Youakim v. Miller*, 425 U.S. 231, 234 (1976); *Duignan v. U.S.*, 274 U.S.

195, 200 (1927); *see also* J.M. Moore, MOORE'S FEDERAL PRACTICE § 510.41[3][e][ii] at 510-32 (3rd ed. 2005).

Moreover, Petitioner's argument again misstates the record. Petitioner asserts that the lower courts improperly weighed evidence regarding purchaser sophistication against the evidence of the similarity of the marks and industry. Actually, in analyzing the likelihood of confusion factors on Respondent's motion for summary judgment, the courts did not "weigh" factors. Rather, the courts looked at the undisputed evidence marshaled by the parties, as this evidence relates to the likelihood of confusion factors, to determine whether Petitioner had shown "sufficient evidence to permit a rational trier of fact to find" for Petitioner. *M2 Communications*, 149 Fed.Appx. at 614; *see Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 254 (1986) (Courts must consider "quantum and quality of proof necessary to support liability" under the relevant law.). Because there was no issue of fact to be tried, summary judgment was appropriate. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 327 (1986). The record establishes that Petitioner simply failed to come forward with the quantum of evidence required to show that confusion was likely. *M2 Communications*, 149 Fed.Appx. at 614; *see Anderson*, 477 U.S. at 254.[10]

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[10] To the extent Petitioner argues that the use of the Federal Rules of Civil Procedure 56 Summary Judgment procedure violates the Seventh Amendment, there is no question that courts may issue judgment as a matter of law without violating the Seventh Amendment. *Parklane Hosiery Co., Inc. v. Shore*, 439 U.S. 322, 336 (1979); *Fidelity & Deposit Co. v. U.S.*, 187 U.S. 315, 319-21 (1902).

E. Protection for Incontestability Is Not at Issue in this Case.

Petitioner argues that the courts have tainted the Congressional intent to provide means to "quiet title" in trademark ownership. As this Court recognized in *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 198 (1985), the incontestability provisions of the Lanham Act provide a means to prevent certain challenges to ownership of a trademark. *Id.* Congress' intention to "quiet title" in the ownership of a trademark has no relevance to either decision before this Court as neither decision questioned Petitioner's incontestable trademark registration or Petitioner's trademark rights. *See Madacy Entm't*, 421 F.3d at 1080-81; *M2 Communications*, 149 Fed.Appx. at 613-14.

Rather, the cases before the Ninth Circuit involved the second element of trademark infringement claims. Both 15 U.S.C. §§ 1114 and 1125(a) require trademark owners to establish ownership of a valid trademark (whether by registration under § 1114, or by use in commerce under § 1125), and a likelihood of confusion. *See KP Permanent Make*-Up, 543 U.S. at 117. As the Ninth Circuit's decisions establish, Petitioner failed to establish this second element. *See Madacy Entm't*, 421 F.3d at 1085; *M2 Communications*, 149 Fed.Appx. at 614.

Petitioner argues that "Congress could not have imagined the 'likelihood of confusion' tests to be as pliable as they have become in those Circuits that have applied the 'noncompetitive goods multifactored tests' to cases involving competing goods." (Petition at 24.) Congress not only imagined the use of these "pliant" tests, it *approved* such use. As the legislative history for the

1988 amendment to 15 U.S.C. § 1125(a) establishes, the amendment merely codified "the interpretation it has been given by the courts." S. Rep. No. 100-515, at 40 (1988) *reprinted in* 1988 U.S.C.C.A.N. 5577, 5603; *see also Two Pesos*, 505 U.S. at 783-84 (Stevens, J., concurring).

The essential flaw in Petitioner's argument is that unlike federal copyright or patent law, trademark law does not create a monopoly. *See Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 33-34 (2003). Rather, trademark law protects against consumer confusion. *Id.* The likelihood of confusion factors are simply categories of evidence which are relevant in determining whether there exists the likelihood of confusion. *See, e.g., Brookfield*, 174 F.3d at 1054. Petitioner's argument at its core is simply that the lower courts were mistaken in their view regarding the competitiveness of the parties and whether consumers are likely to be confused. Here, the undisputed evidence established that confusion was not likely. *M2 Communications*, 149 Fed.Appx. at 614.[11]

F. The Unpublished *M2 Software, Inc. v. Viacom, Inc.* Decision Has No Binding Effect.

Petitioner asserts that the panels in the *Madacy Entm't* and *M2 Communications* cases were bound by the decision in the unpublished Memorandum decision in *M2 Software, Inc. v. Viacom, Inc.*, 30 Fed.Appx. 710 (9th Cir.

[11] Moreover, because the likelihood of confusion analysis is necessarily a fact-specific test, there is no applicability to the arguments in the Petition beyond this case, and the courts closest to the facts at issue have already found that there is no evidence to support a finding of likely confusion.

Jan. 30, 2002), *reh'g en banc denied* (9th Cir. Apr. 22, 2002).[12]

The *Viacom* decision, like the *M2 Communications* decision, is an unpublished memorandum decision. It is not binding precedent. Ninth Circuit Rule 36-3.[13] In any case, a review of each of the panel decisions shows that they are consistent. The Ninth Circuit in *Viacom* merely found that it was error for the District Court to exclude Petitioner's music industry products from the likelihood of confusion analysis. *Viacom, Inc.*, 30 Fed.Appx. at 712. In *Madacy Entm't* and *M2 Communications*, the panel considered these products. *Madacy*, 421 F.3d at 1077; *M2 Communications*, 149 Fed.Appx. at 619. The *Madacy* and *M2 Communications* decisions merely reflect the fact that the likelihood of confusion analysis is case specific and depends on the commercial activities of each party in each case.

G. The Ninth Circuit Reviewed and Rejected All of Petitioner's Claims, Including Its Claim for Trade Name Infringement Under 15 U.S.C. § 1125(a).

Petitioner claims that the Ninth Circuit neglected to review Petitioner's claims for trade name infringement. On the contrary, the Ninth Circuit considered all of Petitioner's

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[12] A copy of this decision is attached to Petitioner's Notice of Lodging dated January 30, 2006.

[13] This issue certainly does not merit consideration by this Court. Conflicts between panels within the same circuit "are better resolved by the court of appeals itself, sitting en banc." MOORE'S FEDERAL PRACTICE § 510.21[2] at 510-15. Here, the Court of Appeals already denied Petitioner's request for rehearing en banc.

claims: "Plaintiff M2 Software appeals the district court's grant of summary judgment to M2 Communications on all of M2 Software's claims under state and federal trademark and unfair competition law." *M2 Communications*, 149 Fed.Appx. at 613. The District Court, in turn, granted summary judgment to M2 Communications on all of Petitioner's claims, including its claims for trade name infringement. *M2 Communications*, 281 F. Supp. 2d at 1169 ("Both parties agree that Plaintiff's trademark infringement, trade name infringement and unfair competition claims turn on the same likelihood of confusion analysis.").[14] The Ninth Circuit and the District Court agreed that there was no genuine issue of material fact as to the likelihood of confusion.

H. Jeff Moseley and Gaylord Entertainment, Listed as Respondents in the Petition, Were Dismissed for Lack of Jurisdiction, and Are Not Properly Before the Court.

Petitioner lists Jeff Moseley (and Gaylord Entertainment) as Respondents. (Petition at ii.) However, Mr. Moseley and Gaylord Entertainment were dismissed for lack of jurisdiction, *see M2 Communications*, 149 Fed.Appx. at 615, and Petitioner has not sought review of that decision. *See* Supreme Court Rule 14.1(a) ("Only the questions set out in the petition, or fairly included therein, will be considered by the Court.").

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[14] Indeed, Petitioner's trade name infringement claim is encompassed in its 15 U.S.C. § 1125(a) claim. *Accuride Int'l, Inc. v. Accuride Corp.*, 871 F.2d 1531, 1534 (9th Cir. 1989) ("Trade names cannot be registered and are therefore not protected under 15 U.S.C. § 1114 . . . analogous actions for trade name infringement can be brought under section 43(a).").

III. CONCLUSION

For the foregoing reasons, the petition for certiorari should be denied.

Respectfully submitted,

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APPENDIX A

76 Fed.Appx. 123

United States Court of Appeals, Ninth Circuit.
M2 SOFTWARE INC., a Delaware corporation,
Plaintiff-Appellant,
v.
M2 COMMUNICATIONS, L.L.C , a limited liability company, et al.,
Defendants-Appellees.
No. 02-57028.
D.C. No. CV-02-01588-AHM.

Argued and Submitted July 16, 2003.
Decided Aug. 13, 2003.

Appeal from the United States District Court for the Central District of California, A. Howard Matz, District Judge, Presiding.

Before NOONAN, KLEINFELD, and WARDLAW, Circuit Judges.

MEMORANDUM*

M2 Software argues that the district court erred in determining the size of its business operations. However, we must accept the district court's findings regarding the scale of M2 Software's business unless we have a "definite and firm conviction that a mistake has been committed,"[1] and we do not.

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* This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as provided by Ninth Circuit Rule 36-3.

[1] *See Gonzalez-Caballero v. Mena*, 251 F.3d 789, 792 (9th Cir.2001).

M2 Software also argues that the district court erred by failing to consider likelihood of confusion as to "source" and focused only on likelihood of confusion as to goods. However, the district court employed the analysis from *AMF v. Sleekcraft Boats*[2] in evaluating M2 Software's assertions regarding likelihood of confusion. In so doing, the district court did evaluate whether a likelihood of confusion as to source exists in the minds of consumers.[3]

M2 Software argues that the district court erred by failing to consider the doctrine of reverse confusion. However, M2 Software's mere use of the term "vice versa" was insufficient to raise this issue properly to the district court. As neither M2 Software's first amended complaint nor motion clearly raised this issue to the district court, we decline to consider it on appeal.[4]

Finally, M2 Software argues that the district court improperly applied the *Sleekcraft* factors in evaluating whether M2 Communications's use of the M2 mark would create a likelihood of confusion. We disagree. Although the district court erred in considering M2 Software's sales and

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[2] 599 F.2d 341 (9th Cir.1979).

[3] *See KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 328 F.3d 1061, 1072-73 (9th Cir.2003) (citations omitted) ("Likelihood of confusion exists when consumers viewing the mark would probably assume that the goods it represents are associated with the *source of a different product identified by a similar mark*. . . . The Ninth Circuit generally relies on an eight-factor test [*Sleekcraft*] in determining whether a likelihood of confusion exists.") (emphasis added).

[4] *Cf. Slaven v. Am. Trading Transp. Co., Inc.*, 146 F.3d 1066, 1069 (9th Cir.1998) (stating it is "well-established that an appellate court will not consider issues that were not properly raised before the district court").

advertising in determining the "strength" of its mark,[5] we find that the district court's application of the *Sleekcraft* factors as a whole did not amount to an abuse of discretion. Further, because M2 Software's federal registration and the incontestability of that registration go to the ownership of the M2 mark, they do not bear on the M2 mark's strength and do not affect the likelihood of confusion analysis.[6]

M2 Software's arguments raised in the questions presented or its reply brief but not argued in the opening brief are waived.[7]

The appeal as to Gaylord is moot, and must therefore be dismissed, because the district court dismissed the case against Gaylord for lack of jurisdiction.

AFFIRMED in part and DISMISSED in part.

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[5] *See Dreamwerks Prod. Group, Inc. v. SKG Studio*, 142 F.3d 1127, 1130 (9th Cir.1998) (arbitrary and fanciful marks are inherently "strong").

[6] *KP Permanent Make-Up*, 328 F.3d at 1067. *Miss World (UK), Ltd. v. Mrs. America Pageants, Inc.*, 856 F.2d 1445, 1448-49 (9th Cir.1988); *Oreck Corp. v. U.S. Floor Systems, Inc.*, 803 F.2d 166, 171 (5th Cir.1986) ("Incontestable status does not make a weak mark strong."). *See also* McCarthy on Trademarks § 32.154.

[7] *See Resorts Int'l, Inc. v. Lowenschuss (In re Lowenschuss)*, 67 F.3d 1394, 1402 (9th Cir.1995) (deeming as waived inadequately raised issues). *See also* Fed. R. App. P. 28.

(3)

SUPREME COURT, U.S.
FILED
MAR 13 2006
OFFICE OF THE CLERK

No. 05-967

In the Supreme Court of the United States

M2 SOFTWARE, INC.,
Petitioner,

v.

MADACY ENTERTAINMENT, *et al,*
Respondents

M2 SOFTWARE, INC.,
Petitioner,

v.

M2 COMMUNICATIONS, LLC, *et al,*
Respondents

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

REPLY BRIEF OF PETITIONER

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QUESTION PRESENTED

Whether this Court should resolve the conflict both within and between circuits – *expressly acknowledged by this Court in a 2003 footnote, but deepened since then by the Ninth Circuit below* – as to whether federal trademark protection extends to protection against a junior use of a senior registrant's trademark that is likely to cause the many forms of confusion of source, sponsorship, approval, affiliation, connection, or other association, *or whether federal trademark protection extends only to protection against a likelihood of direct purchaser mistake as to source.*

RULE 29.6 STATEMENT

Petitioner is M2 Software, Inc. (hereinafter "M2"). Petitioner has no parent corporation and there is no publicly held company owning 10% or more of Petitioner's stock.

Respondents are Madacy Entertainment, Handleman Company, and SFX Entertainment (now Clear Channel Entertainment) [U.S.C.A. No. 03-55957] and M2 Communications, LLC, Gaylord Entertainment, and Jeff Moseley [U.S.C. A. No. 03-56602].

Pursuant to Supreme Court Rule 12.4, a single Petition for Certiorari was submitted for the above judgments on the grounds that the judgments are sought to be reviewed on a writ of certiorari to the same court and involve identical or closely related questions.

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In its Petition, M2 Software, Inc. ("M2") identifies at least four areas of conflict on the question presented of whether federal trademark protection extends to protection against a junior use of a senior registrant's trademark that is likely to cause any of the many forms of confusion of source, sponsorship, approval, connection, or other association: (i) conflict with *M2 Software, Inc. v. Viacom, Inc.*, 30 Fed.Appx. 710 (9th Cir. 2002), *reh'g en banc denied* (9th Cir. Apr. 22, 2002) ("*Viacom*") involving the same trademark; (ii) conflict with Sections 32(a) and 43(a) of the Lanham Act; (iii) conflict between the circuits; and (iv) conflict between the Ninth Circuit and this Court's decision in *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 31 n.5 (2003).

In their Opposition, Respondents M2 Communications, LLC and Jeff Moseley (collectively "Respondent" or "M2Comm")[1] primarily address the *Viacom* conflict, ignore the statutory and circuit conflicts, and entirely avoid any discussion of the *Dastar* conflict. Instead, M2Comm's Opposition is limited to conclusory statements. For the reasons set forth in the Petition, certiorari is warranted on the important question presented.

I. Respondent Relies on a Flawed Reading of the Cases to Downplay the Importance of the *Viacom* Decision and the Split in the Circuits

M2Comm argues that no conflict is presented between the 2002 *Viacom* decision and the 2005 decisions of *M2 Software, Inc. v. Madacy Entertainment*, 421 F.3d

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[1] Unlike the other Respondents, Respondent Gaylord Entertainment has filed neither a waiver nor a brief in opposition, thereby not disputing the jurisdiction error raised. This is an "open and shut" issue raised in the summary reversal section of the Petition [Pet. 28 n. 44], identifying the "express aiming" allegations of the complaint. These allegations should have been sufficient to establish a *prima facie* case for jurisdiction at the pre-discovery stage of the case. *See Calder v. Jones*, 465 U.S. 783, 790 (1984); *Harris Rutsky & Co. v. Bell & Clements Ltd.*, 328 F.3d 1122, 1128 (9th Cir. 2003). *See also*, ER92-3, 50; ER39-4; ER19-2, 28 (additional pre-discovery evidence of California contacts).

1073 (9th Cir. 2005), *reh'g en banc denied* (9th Cir. Nov. 2, 2005) ("*Madacy*") and *M2 Software, Inc. v. M2 Communications, LLC*, 149 Fed.Appx. 612 (9th Cir. 2005), *reh'g en banc denied* (9th Cir. Nov. 1, 2005) ("*M2 Communications*") because "a review of the panel decisions shows that they are consistent." Opp. 15. M2Comm relies on a mischaracterization of the plain language of the *Viacom* decision to support its position. Opp. 15.

In 2002, the Ninth Circuit studied the same **M2** music industry trademark and trade name now at issue in *Madacy* and *M2 Communications*, at approximately the same time as the lower courts here. The Ninth Circuit, citing *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 184 F.3d 1107, 1109 (9th Cir. 1999), cert. denied, 528 U.S. 1155 (2000), concluded:

> "* * * The evidence, viewed in the light most favorable to M2 Software [citation omitted] supports an inference that Viacom's M2: Music Television and use of the M2 mark in connection with Intel's Intercast Technology *created a likelihood of confusion* with M2 Software's music-industry products."

Viacom, 30 Fed.Appx. at 712 (emphasis added). This reference to related types of goods strongly suggests that the *Viacom* majority panel examined the broader forms of confusion of "affiliation, connection, or association * * * sponsorship, or approval" that is required.[2] 15 U.S.C. § 1125(a)(1).

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[2] The sole dissenting judge focused on the fact that the particular media format of CD-Roms had not been used by M2 prior to Viacom's 1996 launch. *Viacom*, 30 Fed.Appx. at 712. Yet, CD-Rom drives were not available on most computers until the mid-1990's, and the dissent makes sense only if one disregards "related goods" confusion. To make the same point, the lower court in the action had cited *Zazu Designs v. L'Oreal S.A.*, 979 F.2d 499 (7th Cir. 1992), a case referenced by McCarthy as a "***breathtakingly erroneous decision outside the mainstream of trademark law.***" *4 McCarthy on Trademarks and Unfair Competition* ("*McCarthy*") § 24:6 at 24-16. *See M2 Software, Inc. v. Viacom, Inc.*, 119 F.Supp.2d 1061, 1065 (C.D. Cal 2000), *rev'd*, 30 Fed.Appx. 710 (9th Cir. 2002) (citing *Zazu*).

Moreover, the cases cited by the *Viacom* majority were cases from the "related goods" faction of the split, including *Brookfield Communications, Inc. v. West Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999); *Dreamwerks Prod. Group Inc. v. SKG Studio*, 142 F.3d 1127 (9th Cir. 1998); and *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 184 F.3d 1107 (9th Cir.1999), cert. denied, 528 U.S. 1155 (2000).

In contrast, the *Madacy* and *M2 Communications* decisions did not engage in the *de novo* review that is required on appeal from summary judgment, with the *Madacy* court concluding only that "the district court did not err" in its weighing of the factors. *Madacy*, 421 F.3d at 1085 [App. 19a]. *See Price v. Vincent*, 538 U.S. 634, 638 (2003) (error where the Sixth Circuit correctly cited, but did not apply, the proper standard of review).[3] *Madacy* cited virtually the same cases as did the *Viacom* panel for nearly every proposition. However, when it came to describing the "likelihood of confusion" standard, the *Madacy* panel relied on the more restrictive focus of "purchaser mistake" (*i.e.*, the "dealing with" language) and cited only cases representing the minority view that is discussed in the Petition. *See Madacy*, 421 F.3d at 1079, 1089 [App. 9a, 26a], and *M2 Communications*, 149 Fed.Appx. at 614 [App. 32a], citing *Surfvivor Media, Inc. v. Survivor Prods.*, 406 F.3d 625, 630 (9th Cir. 2005); *Playmakers LLC v. ESPN, Inc.*, 376 F.3d 894, 897 (9th Cir. 2004) (Pregerson, J.). [Pet. 11]. Prior to these decisions being rendered, the District Court would have been forced to go to the like-minded faction of the

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[3] *De novo* review should also have been applied to the jury instructions [App. 25a], which concerned a misstatement of the elements that must be proved at trial. *Snake River Valley Elec. Ass'n v. PacifiCorp*, 357 F.3d 1042, 1052 n.11 (9th Cir. 2004). A *de novo* standard of review should have been applied, rather than simply recited, when addressing the personal jurisdiction dismissals of respondents Moseley and Gaylord. [App. 33a].

Second Circuit to find support for the "purchaser mistake" flavor of analysis that is at issue here.[4]

II. Respondent Relies on the Fallacy of "Equivocation" to Deny that a Conflict Exists

"Equivocation" is a logical fallacy whereby ambiguous definitions of the same word or phrase are used to support any desired result. M2Comm employs this faulty logic to support its incorrect contention that no conflict exists between the circuits. Opp. 6. M2Comm's position is based on a subtle deception: While some courts in the majority circuits have used the phrase "source confusion" as shorthand to reference the idea that consumers may be confused *about* a source – including the sponsorship, affiliation, connection, approval, or association – the minority factions have interpreted this same language to mean confusion that must exist *as to* a source, *i.e.*, as through a mistaken purchase.

M2Comm's contention that no conflict exists contradicts this Court's own acknowledgment of the same conflict in 2003. *Dastar*, 539 U.S. at 31 n. 5 (2003). The *Dastar* Court found the conflict to be "seemingly resolved" by the 1988 Amendments to the Lanham Act. [*Id.*] As the Petition demonstrates, this conflict has persisted and is deepening. The minority circuits rely on an interpretation of "source confusion" that has not had support in the statute since before the 1962 Amendments to the Lanham Act, when Congress *deleted* the language that defined infringement under 15 U.S.C. § 1114(1)(a) as requiring likelihood of confusion of "*purchasers as to the source of origin of such goods or services.*" *See Payless Shoesource, Inc. v. Reebok Int'l Ltd.*, 998 F.2d 985, 989 (Fed.Cir.1993). This

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[4] If, as M2Comm contends [Opp. 6], there is no conflict in the circuits, one would expect to see an equal number of citations to decisions of the other circuits (and most notably the Federal Circuit) where the District Court journeyed outside of its home circuit. In fact, *all* of the support for the District Court's "purchaser mistake" analysis came directly from the Second Circuit. *See* App. 53a, 56a, 76a, 77a.

equivocation of "source confusion" allows for vastly different outcomes under the same recited standards.

The Opposition, citing to this Court's recent precedent, illustrates precisely how the rift is fueled and continues to expand. Just one year after this Court found the issue "seemingly" resolved in *Dastar*, the *KP Permanent Make-up* decision in 2004 did not reference the words "sponsorship, affiliation, or connection" in its definition of "likelihood of confusion." *KP Permanent Make-Up, Inc. v. Lasting Impression I, Inc.*, 543 U.S. 111 (2004) (defining infringement as likelihood of purchaser confusion "*about* the *origin* of the goods or services") (emphasis added). Presumably, this Court used the broader phrase "*about* the origin" rather than "*as to* the origin" to encompass confusion of source, sponsorship, affiliation, connection, association, or approval. *See Dastar*, 539 U.S. at 31 n. 5. The Respondent's quotation of this same language as a definitive statement of the "confusion" standard demonstrates [Opp. 6] that there is ample basis for judicial variance on this very crucial trademark concept. Presented with two apparently contradicting definitions of the same essential concept in recent Supreme Court decisions, the lower courts are left without consistent guidance as to the actual scope of "likelihood of confusion" that is contemplated by the statute. This is precisely the type of question that warrants certiorari.[5] [6]

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[5] The Ninth Circuit studied whether the general public "thought that M2 Software was the *source* of Madacy CDs" and whether music industry members "believed that Madacy was the *source* of M2 Software's goods." *Madacy*, 412 F.3d at 1080 [App. at 9a] (emphasis added). By ignoring "affiliation confusion" between M2 and the new identically-named record label, the analysis focused on the small segment of directly competing CD products, rather than the larger and more relevant music industry infrastructure segment of M2's business. *Id.* at 1080-1085 [App. 11a-19a]. Pet. 3 n. 1.

III. Respondent Relies on an Unreasonable Interpretation of the Phrase "Dealing With" that would Render Statutory Language Superfluous

M2Comm argues that M2 agreed to the use of the "dealing with" language in *Madacy*. Opp. 4 n. 4. The plain language of the *Madacy* opinion shows this to be false. [App. 26a]. While M2's proposed instruction cited *Dreamwerks*, it had not referred to the "dealing with" language that was taken out-of-context by the District Court following the parties' written objections. [App. 26a]. *See* ER184-53, 55, ER200-29, 39, 40, 72, 73-77. *Dreamwerks* is a case that falls on the majority side of the split in the circuits. *Dreamwerks* is more similar to Federal Circuit law and the view of the majority of the circuits. [Pet. 13-14]. M2Comm's suggestion that *Dreamwerks* supports a "dealing with" standard is based on an erroneous reading of the decision. In *Dreamwerks*, the court actually clarified its "dealing with" language in the subsequent sentence. *Dreamwerks*, 142 F.3d at 1130 ("more specifically," confusion is whether services are "*sponsored by*" the junior user). Unlike *Madacy*, the *Dreamwerks* court extensively addressed sponsorship, affiliation, and connection confusion.[7]

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[6] M2Comm contends that as a trademark case, this case is somehow too fact-intensive for Supreme Court review. Opp. 5 ("as with *any* case considering whether there is a likelihood of confusion." (emphasis added)). Using M2Comm's logic, this Court would never review any trademark case. In fact, this case is one of the *least* fact-bound trademark cases likely to come before this Court, and presents an ideal opportunity for review. *See* Pet. 6.

[7] *See Dreamwerks*, 142 F.3d at 1130 n. 5 (whether "DreamWorks SKG *is sponsoring* the Star Trek conventions"); *Id.*, at 1131 (whether one party was "*an ancillary division* of the same company"); *Id.* (whether consumers are likely to "*associate*" the companies); *Id.*, at 1132 n.10 (whether consumers may "assume that DreamWorks has *spun off* a Star Trek marketing division); *Id.*, at 1132 (emphasizing diversity of modern entertainment companies) (emphasis added).